

News Release



Controller of the State of California - Kathleen Connell

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FOR IMMEDIATE RELEASE

STATE CONTROLLER PROJECTS REDUCED BORROWING DEMAND FOR STATE

*Connell Recommends Lowest Offering of State Securities Since 1992;
Decreased Issuance of Notes Reflect Impact of California's Strong Economy*

SACRAMENTO, August 11, 1999 -- Reflecting California's robust economy and the State's healthy General Fund, State Controller Kathleen Connell today announced the lowest short-term debt issuance for the State since 1992. Connell estimates that California will only need to sell \$1 billion in Revenue Anticipation Notes (RANs) to have sufficient cash reserves to meet 1999-00 fiscal year revenue demands.

"This is a powerful indicator of the strength of California's economy and the impact it bears on our ability to meet future State obligations," said Connell. "We project the State's coffers will be abundantly full this year, therefore reducing demand to pay ongoing short-term expenses with the State's available cash resources."

The Controller made her projections based on the probable income to the State's General Fund during the fiscal year and the history of probable expenditures the State will make during the same period. The selling of RANs is similar to securities offerings by companies to increase immediate cash-flow. In past years, the State sold RANs for as much as \$8 billion in order to secure sufficient cash reserves to cover short-term expenses.

Connell will forward the demand for the selling of RANs to the State Treasurer who will submit to the Governor for concurrence, and then search for buyers. In FY 92-93 the State sold a total of \$8 billion in RANs; FY 91-92 \$6.1 billion; FY 90-91 \$4.1 billion; FYs 94-95, 96-97 and 97-98 \$3 billion; FY 93-94 and FY 95-96 \$2 billion; \$1.7 billion in FY 98-99.

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